

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1737-01
Bill No.: SB 419
Subject: Disabilities; Employee - Employers; Medicaid; Health Care; Insurance - Medical;
Public Assistance; Social Services Department
Type: Original
Date: February 26, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$784,800)	(\$2,021,374)	(\$2,761,561)
Total Estimated Net Effect on <u>All</u> State Funds	(\$784,800)	(\$2,021,374)	(\$2,761,561)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Federal	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

***Revenue and expenditures of approximately \$4.3 million annually and would net to \$0.**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development** and the **Department of Elementary and Secondary Education** assume this proposal would not fiscally impact their agencies.

Department of Social Services (DOS) officials estimate that 441 individuals would be eligible to enroll in the new category of eligibility group. DOS states the estimate is developed from data compiled from the Congressional Budget Office (CBO) as a result of the estimates conducted for the U. S. House version of HR 1108 (Work Incentives Improvement Act). According to the CBO, approximately 21,000 people who are disabled would return to work by 2004. DOS states that Missouri represents 2.1% of the overall population of the United States ($21,000 \times 2.1\% = 441$). DOS states not all eligibles would apply in the first year of the program. It is projected that there would be 294 eligibles in the first year, 357 eligibles in the second year, and 441 eligibles in the third year.

DOS states the proposal includes three cost components: 1) the Permanently and Totally Disabled under 150% of the poverty level, 2) the eligibles who have employer-sponsored health insurance, and 3) the eligibles between 151% and 250% of the federal poverty level. The Division of Medical Services (DMS) estimates that 75% of the new eligibles would qualify for medical assistance as a Permanently and Totally Disabled individual. The projected eligibles for FY 2002 would be 221, FY 2003 is 268, and FY 2004 is 331. DOS projects FY 2002 cost per eligible of \$1,085.40 would be based on inflating the FY 2000 average cost for Permanently and Totally Disabled (PTD) eligibles by the inflation and rate of growth for each component (pharmacy, physician, hospital, etc.). The inflation and growth rates are a one year average based on historical costs. The projected Medicaid eligible for each month was multiplied by the projected cost per eligible per month to arrive at the annual cost. The projected cost for FY 2002 is \$1,314,419; the projected cost for FY 2003 is \$3,919,848; and the projected cost for FY 2004 is \$5,362,200.

DMS assumes the current contract for the collection of premiums could absorb the additional participants paying premiums.

DMS states the projected number of eligibles that receive employer-sponsored health insurance is four. The average monthly premium is \$110 a month. The inflation rate for premiums based on historical information is 10-15%. The projected cost for FY 2002 is \$5,280; the projected cost for FY 2003 is \$5,952; and the projected cost for FY 2004 is \$6,720.

DMS assumes that the remaining eligibles would have incomes between 151% and 250% of the federal poverty level. This group of eligibles would be required to pay a premium for participation in the medical assistance program. The projected Medicaid eligibles for each

ASSUMPTION (continued)

month was calculated with premium collection included in the cost. The projected cost for FY 2002 is \$695,710; the projected cost for FY 2003 is \$1,176,528; and the projected cost for FY 2004 is \$1,647,648.

DMS projects the total cost for the proposal to be:

FY 2002	\$2,015,409
FY 2003	\$5,102,328
FY 2004	\$7,016,658

Officials from the **Department of Social Services - Division of Family Services** state the following:

Assume the number of individuals between the ages of 18 and 64 in Missouri with income at or below 250% of the Federal Poverty Level (FPL) to be 847,333. Total Missouri population between the ages of 18 and 64 is 3,013,259. 28% of Missourians between the ages of 18 and 64 have income below 250% of the FPL ($847,333 / 3,013,259 = 28\%$). Source: U.S. Census Bureau, July 2000.

Assume 85% of the Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) recipients ages 18 to 64 have income below 250% of the FPL. Source: Annual Statistical Supplement, 2000 published by the Social Security Administration.

Assume number of individuals in Missouri with a work disability to be 106,281. Note: This does not assume individuals are Permanently and Totally Disabled (PTD). Assume 3.5% of Missourians have a work disability ($106,281 / 3,013,259 = 3.5\%$). Source: U.S. Census Bureau.

Assume that 5,734 individuals receiving services through the Division of Vocational Rehabilitation were placed in the workforce during FY 2000. Of that group 1,846 received SSDI or SSI. The remaining 3,888 who went to work were Non-SSDI/SSI recipients. Source: The Division of Vocational Rehabilitation.

Assume number of individuals in Missouri receiving Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) to be 192,134 (SSDI - 111,520 + SSI -80,614). Total number of social security recipients receiving both SSDI and SSI is 26,925. Unduplicated number of SSDI and SSI recipients is 165,209 ($192,134 - 26,925 = 165,209$). Source: Social Security Administration.

Assume the number of individuals between the ages of 18 and 64 receiving Medicaid as of 12/31/2001 to be 93,105. These individuals will be excluded as possible eligibles since they are

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ASSUMPTION (continued)

already active Medicaid recipients. Source: Department of Social Services, Research and Evaluation Unit.

Assume 56.5% have income < 250% of the FPL. Assume the working disabled population may be employed less than 40 hours per week. An average has been used to determine the percentage of the working disabled population below 250% of the FPL. (Average 28% of Missourians between the ages of 18 and 64 to 85% of those receiving SSDI and/or SSI.) Source: U.S. Census Bureau and the Social Security Administration.

Assume married individuals seeking Medicaid coverage through this program will take the necessary steps to transfer any assets potentially affecting eligibility. However, assume that 50% of single individuals seeking Medicaid coverage will be ineligible on the basis of resources.

165,209	Unduplicated SSDI/SSI
+ 3,888	# of VR recipients in the work force
169,097	Total with a work disability
169,097	# with a work disability
- 93,105	# of active Medical Assistance cases between 18 and 64
75,992	Total universe of eligibles
75,992	Total universe of eligibles
x 3.5%	% with a work disability
2,660	# with a work disability
2,660	# with a work disability
x 56.5%	% < 250% of FPL
1,503	# % < 250% of FPL
1,503	# % < 250% of FPL
x .75	% expected to apply
1,127	# expected to apply
1,127	# expected to apply
x .65	% living alone
733	# living alone
1,127	# expected to apply
x .35	% living with spouse
394	Total # of eligible couple cases

ASSUMPTION (continued)

733	# living alone
x .50	% of those living alone ineligible on the basis of resources
367	Total # of eligible single cases
394	Total # of eligible couple cases
+367	Total # of eligible single cases
761	Total # of new eligibles

New eligibles will be phased in over a 2 year period.

Assume an average adult Medicaid caseload to be 480 cases.

$761 / 480 = 1.58$ or 2 new Caseworker FTEs needed to maintain new cases. DFS plans to absorb any new eligibles the first year therefore no FTEs will be needed for FY 2002. In FY 2003 the DFS will need the 2 new FTEs to manage the new cases. Caseworker duties and responsibilities include take and process applications for eligibility, respond and answer both written and telephone requests for information or reported changes, and maintain all active cases in caseload.

Annual salary for a Caseworker is \$29,520

Oversight assumes there would be 441 new eligibles and would require only one Caseworker.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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GENERAL REVENUE FUND

Costs - Department of Social Services -
 Division of Medical Services

Medical assistance payments	(\$784,800)	(\$1,986,847)	(\$2,732,252)
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Costs - Department of Social Services -
 Division of Family Services

Personal services (1 FTE)	\$0	(\$20,442)	(\$20,953)
Fringe benefits	\$0	(\$6,813)	(\$6,984)
Expense and equipment	<u>\$0</u>	<u>(\$7,272)</u>	<u>(\$1,372)</u>
Total Cost - Division of Family Services	<u>\$0</u>	<u>(\$34,527)</u>	<u>(\$29,309)</u>

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<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$784,800)</u>	<u>(\$2,021,374)</u>	<u>(\$2,761,561)</u>

FEDERAL FUNDS

Income - Department of Social Services - Division of Medical Services

Medicaid reimbursements	\$1,230,609	\$3,115,481	\$4,284,316
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Income - Department of Social Services - Division of Family Services

Medicaid reimbursements	\$0	\$17,007	\$14,435
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Costs - Department of Social Services - Division of Medical Services

Medical assistance payments	(\$1,230,609)	(\$3,115,481)	(\$4,284,316)
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Costs - Department of Social Services - Division of Family Services

Personal services (.33 FTE)	\$0	(\$10,069)	(\$10,320)
Fringe benefits	\$0	(\$3,356)	(\$3,440)
Expense and equipment	<u>\$0</u>	<u>(\$3,582)</u>	<u>(\$675)</u>
Total <u>Costs</u> - Division of Aging	<u>\$0</u>	<u>(\$17,007)</u>	<u>(\$14,435)</u>

ESTIMATED NET EFFECT ON FEDERAL FUNDS*

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would require Medicaid eligibility for certain disabled workers. This proposal would be authorized by the federal Ticket to Work and Work Incentives Improvement Act of 1999. A new Section 208.146 would be created to allow Medicaid eligibility for an employed person who meets the definition of disabled, satisfies asset limits, and who has an annual income of up to 250 percent of the federal poverty level. Specific assets would be excluded for purposes of determining eligibility. Eligibility would not be denied if the applicant holds an independent living development account. If an individual's employer offers comparable health insurance, then the individual would enroll. The Department of Social Services, however, would be responsible for costs associated with the employer insurance. Any person with income above 150 percent of poverty would pay a specified premium to participate in Medicaid. The Department would submit documentation to the federal government in order to implement this provision and would apply for grants to offset the costs.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services
Department of Economic Development
Department of Elementary and Secondary Education



Jeanne Jarrett, CPA
Director

February 26, 2001